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RECORDATION CO. _____ FEE \$2.00

ITEL

AUG 21 1988 - 11 10 AM

August 18, 1988

INTERSTATE COMMERCE COMMISSION I Rail Corporation

55 Francisco Street
San Francisco, California 94133
(415) 984-4000

Hon. Noretta R. McGee
Secretary
Interstate Commerce Commission
Washington, DC 20423

Re: Exhibit 3 to Master Car Lease dated as of August 8, 1988,
between Itel Railcar Corporation and CSX Transportation,
Inc.

Dear Ms. McGee:

On behalf of Itel Rail Corporation, the above instrument, in four (4) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$13 recordation fee.

Please record this Exhibit 3 under the Master Car Lease dated August 8, 1988, between Itel Railcar and CSX Transportation, Inc., which is being filed with the ICC simultaneously this date.

The parties to the aforementioned instrument are listed below:

Itel Railcar Corporation (Lessor)
55 Francisco Street
San Francisco, California 94133

CSX Equipment, a unit of
CSX Transportation, Inc.
Treasury Department - S/C B7J
100 North Charles Street
Baltimore, Maryland 21201

This Exhibit 3 covers two hundred ninety-four (294) 100-ton HT steel hopper cars bearing reporting marks CSXT 370175-370468.

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

Patricia Schumacker

Patricia Schumacker
Legal Department

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RECORDATION NO. _____ FILE NO. _____

AUG 21 1988 - 11 10 AM

LOT NO. 2226-03

INTERSTATE COMMERCE COMMISSION

EXHIBIT 3

EXHIBIT 3 dated as of August 8, 1988 to Master Car Lease dated as of August 8, 1988, by and between ITEL RAILCAR CORPORATION ("Lessor") and CSX TRANSPORTATION, INC. ("Lessee").

Car Type: Used, 4,024 cu. ft., 100-ton, HT Steel Hopper

Car Numbers: CSX (Numbers to be advised by Lessee) CSXT 370175-370468

Total Number of Cars: Two Hundred Ninety-Four (294)

Specified Commodities: Non-Corrosive

Term: Upon Delivery of each Car, through and including three (3) years after Delivery of the final Car. Upon Delivery of the final Car, Lessor shall provide written notice to Lessee of the date each Car was delivered and the expiration date with respect to all the Cars. Unless, within fifteen (15) days of the date of such notice, Lessee demonstrates to the reasonable satisfaction of Lessor that such expiration date is incorrect, Lessee shall be deemed to have concurred to such expiration date.

Rate: The monthly rental ("Monthly Rental") shall be _____ per Car for each calendar month ("Month") during the Term. The Monthly Rental for periods of less than an entire Month shall be prorated at _____ per day for such Car during such Month for the Term.

Transfer Points: Delivery: Mutually agreed upon point on Lessee's lines

Return: Mutually agreed upon point on Lessee's lines

Repair: Lessee shall perform or cause to be performed and pay all costs and expenses associated with the maintenance of the Cars. Any parts, replacements or additions made to any Car are deemed accessions to such Car and title thereto shall vest immediately in Lessor.

Removal of Car:

Notwithstanding any other provision of this Lease, Lessee also has the right, at its sole option and upon ten (10) days' prior written notice to Lessor, to remove any Car listed on this Exhibit 3 from active service so long as Lessee continues to pay rental and any other amounts that may be due hereunder. Lessee shall not be required to repair or use such Car. Upon the expiration or termination of the Lease, such Car shall be returned to Lessor in the Return Condition required hereinbelow.

Taxes: Lessee assumes responsibility for and agrees to pay, protect, save, keep harmless and indemnify Lessor and its successors against taxes, fees, levies, impost, duties or withholdings of any nature together with penalties, fines or interest thereon imposed on, incurred by or asserted against: (1) the Cars; (2) sale, lease, sublease or delivery of the Cars; (3) revenues earned by the Cars, including but not limited to mileage charges and/or car-hire revenues, during the term of the Lease, except for taxes imposed on Lessor's income. Lessee will comply with all State and local laws requiring filing of ad valorem tax returns associated with the Cars. Lessee's obligations under this Section are limited to amounts directly related to possession and use of the Cars except for Lessor's income, alternative minimum or value added taxes.

Records:

Lessee shall, at its expense, prepare and file, with respect to the Cars, all documents relating to the registration, maintenance and record keeping functions normally performed by a railroad with respect to railroad equipment of the type subject to Exhibit 4. Such matters shall include, but are not limited to: (i) preparation of appropriate AAR interchange agreements with respect to the Cars; (ii) registration of the Cars in The Official Railway Equipment Register and the Universal Machine Language Equipment Register ("UMLER"); and (iii) preparation of any reports as may be required from time to time by the ICC and any other regulatory agencies with respect to the Cars. Lessee shall register each Car in UMLER showing USLX in the owner's field, and in such a manner that Lessor or its agent is allowed access to any required information with regard to any Car.

Remark and Delivery:

Lessee shall, at its expense, remark the Cars to CSXT reporting marks in compliance with all applicable regulations, and be responsible for all transportation costs associated with the Delivery and Return of the Cars to the extent provided in the

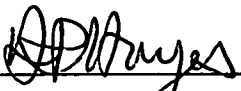
Lease. Lessor shall be responsible for remarking the Cars listed on this Exhibit 3 upon expiration or termination of the Lease. If Lessor is required to pay any such amount, Lessee shall reimburse Lessor within thirty (30) days of receiving an invoice from Lessor for such amount.

Return Condition:

Lessee agrees to return each Car in the same condition, order and repair as when delivered to Lessee, ordinary wear excepted, and shall be free from all accumulations or deposits from commodities transported in or on the Cars while in the service of Lessee. Until Delivery of Possession, as herein defined, to Lessor, Lessee shall continue to be liable for and shall pay all rental at the rate being paid immediately prior to termination or expiration, and Lessee shall in addition make all other payments and keep all obligations and undertakings required of Lessee under any and all provisions of the Lease as though such termination or expiration had not occurred. "Delivery of Possession" shall be defined as the date of return of each Car in compliance with the return conditions described herein to Lessor at the Transfer Point as set forth in this Exhibit 3, or upon the request of Lessor, the date each Car is placed into storage at a mutually agreeable location.

IN WITNESS WHEREOF, Lessor and Lessee have executed Exhibit 3 as of the day and year first above written.

ITEL RAILCAR CORPORATION

By: 
 Title: President
 Date: August 8, 1988

CSX TRANSPORTATION, INC.

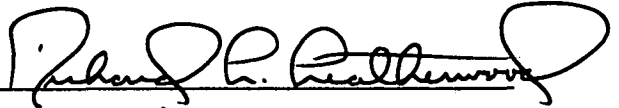
By: 
 Title: President and Chief Executive
Officer CSX Equipment
 Date: August 3, 1988

EXHIBIT A

Covered Hoppers

Running Repairs

Angle Cocks

Air Hose

Train Hose

Operating Levers and
Brackets

Sill Steps

Grab Irons

Brake Shoes

Brake Shoe Keys

Brake Connecting Pin

Brake Head Wear Plates

Air Brakes

Hand Brakes

Brake Beams and Levers

Truck Springs

Running Repairs Continued

Wheels

Yokes

Knuckles/Pins

Slack Adjuster

Couplers

Draft Gears

Coupler Carriers

Center Plates (Not
Replacement)

Cotter Keys

Roller Bearing Adapters

Outlet Gate Repair (Not
Replacement)

Hatch Cover Repair (Not
Replacement)

STATE OF CALIFORNIA)
) ss:
 COUNTY OF SAN FRANCISCO)

On this 8th day of August, 1988, before me personally appeared Desmond P. Hayes, to me personally known, who being duly sworn says that such person is President of Itel Railcar Corporation, that the foregoing Exhibit 3 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sharon L. Van Fossan
 Notary Public



STATE OF MARYLAND)
) ss
 CITY OF BALTIMORE)

On this 3rd day of August, 1988, before me personally appeared Richard L. Leatherwood, to me personally known, who being me duly sworn says that such person is President and Chief Equipment Executive Officer - CSX of CSX Transportation, Inc., that the foregoing Exhibit 3 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Glenda J. Green
 Notary Public